

SNAPSHOT OF IDAHO PREFERRED DURING THE LAST YEAR



- **Committees Formed For Idaho Preferred Program, Summer 2003**
- **Rules and Regulations Developed, Summer of 2003**
- **Governor's Forum, August 2003**
- **Media Campaign Developed, August 2003**
- **Point of Sale Material Created and Printed, August 2003**
- **Walmart In-Store promotions, September 2003**
- **Billboards Advertising, November 2003**
- **Radio and Television Spots Conducted, Fall and Winter, 2003**
- **Bon Appetit Food Show, February 2004**
- **Paul's Market In-Store Promotion, May 2004**

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Annual Report, July 1, 2003—June 30, 2004

Priority Placed on Idaho Preferred Regulations

To secure the integrity of the Idaho Preferred Program, initiated in 2003, Idaho State Department of Agriculture program administrators negotiated with food producers to establish rules and regulations to assist Idaho Preferred™ members and achieve program goals: to differentiate, to add value, to build loyalty and to generate goodwill for Idaho food and agriculture on a long term basis.

A draft of program rules was forged after three committee meetings, comprised of food producers, shippers, retail interest groups, commodity commission officials, and state program administrators. Once the rules were drafted, an invitation was extended to 1,400 individuals for a public meeting for comment. As part of the rule making process, minimum product qualifications and trademark use specifications were established. Product qualifications include guidelines to assure Idaho Preferred™ products are from Idaho:

- Fresh produce and commodities bearing the Idaho Preferred™ logo shall be one hundred percent (100%) Idaho grown or raised in Idaho.
- Processed foods and beverages shall contain a minimum of twenty percent (20%) agricultural content that has been grown or raised in Idaho.
- The percentage of Idaho percentage of value added to the product in the state of Idaho, shall total no less than eighty percent (80%) of the total value of the product. Value is determined as a percentage of the wholesale price.

The rules, incorporating standards for the use of the Idaho Preferred™ logo, have developed consistency and the protection of the trademark.

Time, effort and the incorporation of stakeholders input have produced rules that have built a strong foundation for branding the Idaho Preferred™ logo for future industry economic development.

Governor's Retail Forum August 2003

Governor Dirk Kempthorne invited senior decision makers from the primary grocery retailers that operate in Idaho to a promotion strategy session for Idaho Preferred™. Invitees were Chief Operating Officers, District Managers and other high level retail officials. The invitation also extended to food and agriculture distributors and food brokers. The meeting was one of the first where the Idaho Preferred™ program was presented to retailers to secure their participation.

The group's agenda covered three areas:

- Program objectives, products and the people to be involved with Idaho Preferred™.
- Promotional "Point of Sale" concepts, research, in-store display, free standing inserts.
- Finalization of concrete marketing strategies based on the Forum's set objectives.

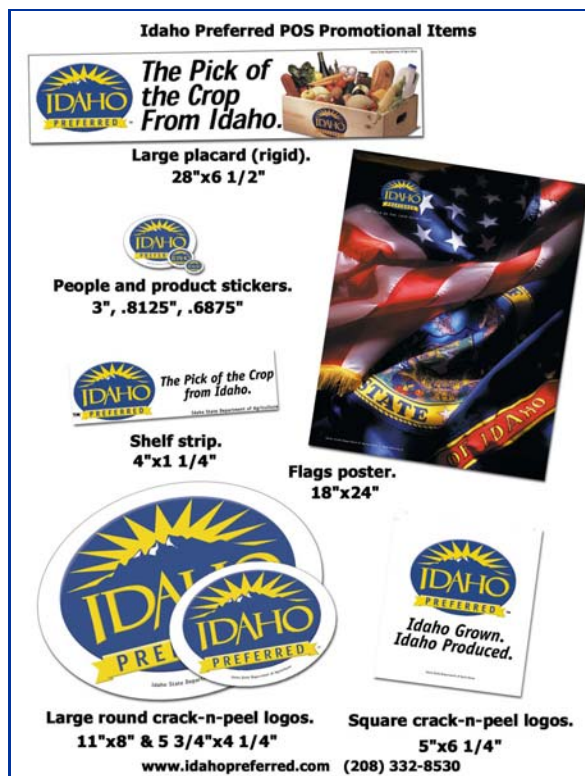


During his speech, the Governor provided clear reasons why he asked the Idaho State Department of Agriculture to develop the Idaho Preferred™ Program. “Idaho’s farmers, ranchers, packers, and food processors are good people and good Idahoans. They produce some of the finest quality products in the world. Idaho alone produces more than 144 agriculture commodities. Idaho’s food and agriculture industry is one of the economic cornerstones of our state and its many communities. Supporting this program will mean real dollars in the pockets of Idaho’s citizens.”

The feedback from the retail community was very supportive. Although there are many Idaho products in the stores, the retailers admitted that the products were often not clearly marked. There was consensus that consumers would prefer to buy Idaho products and that this program would fill the need. Several strong partnerships with retailers resulted from this initial forum.

Idaho Preferred™ POS Material Markets Top Quality

Early in the program, an array of “Point of Sale” (POS) material was developed by Elgin Syfred Drake advertising agency for distribution to



Idaho Preferred suppliers as well as retail outlets. Large placards, crack and peel stickers in varied sizes, farmers’ market price cards, posters and product labels, all bearing the Idaho Preferred™ logo, were printed and distributed to program members and retail stores. Members received an initial quantity with an extended offer for future POS purchases at cost-recovery prices.

Promotional Events Boost Idaho Preferred™

Creative events were developed throughout the year to reach a broad spectrum of consumers and industry buyers, encouraging them to purchase Idaho Preferred™ member products.

The first in-store promotion that used the Idaho Preferred™ signage to promote all of the Idaho food and agriculture stocked in Wal-Mart was Launched in September 2003. The Wal-Mart event announced the food chain as a supporter of state agriculture marketing initiatives on a national scale, using the Idaho Preferred™ program as the flagship model. Clark Wood, a regional leader for Wal-Mart announced a nationwide commitment to support state-based agriculture marketing efforts and the Nampa Wal-Mart was used for the launch. Twelve products were featured. On those twelve products, sales were up 104% over the same period the year be-



fore.

Set against a large center-of-store display of Idaho foods and Idaho Preferred™ promotional signage, Wal-Mart executives made the announcement with comments from Governor Kempthorne. State Agriculture Directors, Commissioners, Secretaries visited the Nampa Wal-Mart as part of a day-long series of tours.

Another in-store promotion focused on independent food chain, Paul’s Market. Paul’s

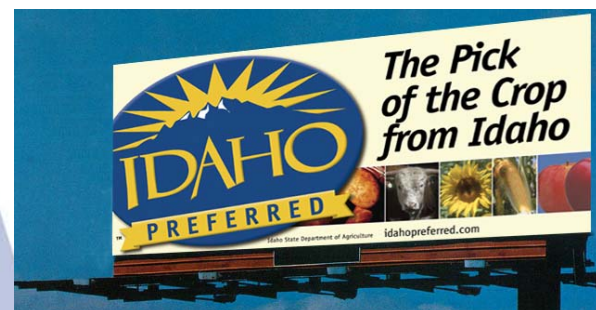
celebrated the grand opening of their newest store on May 5, 2004 by publicly announcing their partnership with Idaho Preferred™. Paul’s 8th store is located in Boise, at Five Mile and Lake Hazel.

Governor Dirk Kempthorne, the Director of the State Department of Agriculture Pat Takasugi, as well as Paul, Stan, and Steve Zatica, publicly announced Paul’s partnership with Idaho Preferred™ during the May event.

A special event, appropriately named Bon Appetit, helped increase awareness in the foodservice industry February 28, 2004. Local chefs came to Boise’s Center on the Grove to compete in a chef competition and food show. Sponsored by Idaho Preferred, the chef competition was the first American Culinary Federation sanctioned competition in Idaho. Governor Dirk Kempthorne awarded Chef Gregg Anderson of the Manhattan Grill with the “People’s Choice Award.” The food show incorporated a variety of Idaho food items including .

Idaho Preferred™ Advertising Campaign Gets Branding on Track

To build on successful in-store promotion efforts, the Idaho Preferred™ program instituted a large media campaign. The campaign set out to establish the Idaho Preferred™ logo as a mark of excellence and to encourage consumers to choose Idaho Preferred™ products.

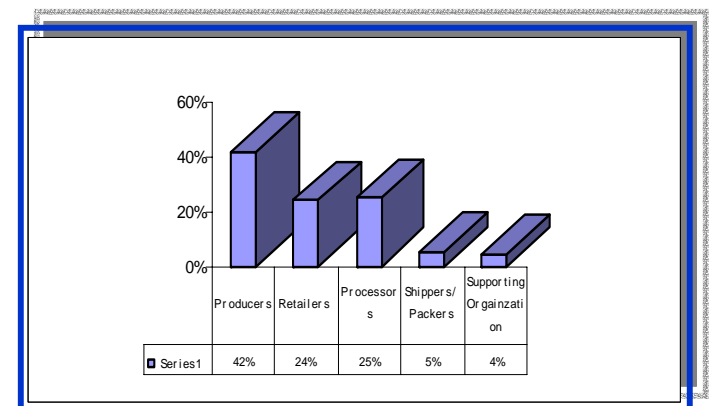


A flurry of billboard advertising appeared in high traffic areas throughout the state. The campaign also included extensive radio and television advertising. Marketing spots on program’s such as Radio Café on KBOI discussed details of the program’s initiative and highlighted Idaho Preferred members and their products.

Idaho Preferred™ Membership Grows

Food and agriculture groups are provided membership in Idaho Preferred in five categories: Producer, Retailers, Broker/Distributor, Packer/Shipper/Processor, and Supporting Organizations.

The year ended with an Idaho Preferred™ membership total of forty-one. The graph provides a breakdown of membership types (As of June 30, 2004, no Broker/Distributors were certified in the program:)



The Idaho Preferred™ products vary and represent all the best Idaho agriculture has to offer. Membership products include: apples, pears, peaches, potatoes, asparagus, onions, cherries, plums, apples, tomatoes, squash, melons, sweet corn, lettuces, organic meats, dairy products, tortilla shells and chips, eggs, sun-dried cherries, prunes and plums, apple juice, pine trees, organic hay, gourmet pickled vegetables, fresh herbs and spices, jellies, syrups, jams, dry mixes, varieties of award-winning wine, gourmet breads and rolls, and rainbow trout.

Since gathering year-end statistics as of June 30, 2004, marketing staff at the Idaho State Department of Agriculture have stepped up recruitment efforts and added memberships half again what the year-end total was in a two month period. Recruitment is on track and numbers should continue to increase in the coming months.